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HOUSE BILL 661

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Donald L. Whitaker

AN ACT

RELATING TO TAXATION; ENACTING A ONE-TIME TAX CREDIT FOR
COMPLETION OF NEW CRUDE OIL AND NATURAL GAS WELLS; CREATING A
FUND; MAKING AN APPROPRIATION; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Oil and Gas Emergency
School Tax Act is enacted to read:

"~~[NEW MATERIAL]~~ ONE-TIME TAX CREDIT--FUND CREATED. --

A. To encourage preservation of the environment,
stimulate drilling technology and to enhance state revenue, the
operator of a new crude oil or natural gas well may upon
completion of the well apply for and receive a one-time credit
against the tax imposed pursuant to the Oil and Gas Emergency
School Tax Act pursuant to the provisions of this section.

B. A well shall qualify for the tax credit provided

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underscoring material = new
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1 by this section in the amount of fifteen thousand dollars
2 (\$15,000) if the oil conservation division of the energy,
3 minerals and natural resources department certifies to the
4 taxation and revenue department that:

5 (1) the operator applying for the tax credit
6 commenced drilling the well after January 1, 2003 and prior to
7 July 1, 2004; and

8 (2) the well was completed as a producing
9 well.

10 C. A well shall qualify for the tax credit provided
11 by this section in the amount of thirty thousand dollars
12 (\$30,000) if the oil conservation division of the energy,
13 minerals and natural resources department certifies to the
14 taxation and revenue department that:

15 (1) the operator applying for the tax credit
16 commenced drilling the well after January 1, 2003 and prior to
17 July 1, 2004;

18 (2) the well was completed as a producing
19 well; and

20 (3) the well:

21 (a) is a directionally or horizontally
22 drilled well;

23 (b) utilizes technology that enables
24 more than one wellbore to be drilled from a single well pad; or

25 (c) utilizes a single new wellbore to

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[bracketed material] = delete

1 access more than one petroleum reservoir.

2 D. The tax credit provided by this section may be
3 applied only to the operator's oil and gas emergency school tax
4 liability. If the amount of the credit exceeds the operator's
5 tax liability for a reporting period, the credit may be applied
6 to the operator's tax liability in succeeding reporting periods
7 prior to July 1, 2005. At the discretion of the secretary of
8 taxation and revenue, the credit may be issued in the form of a
9 refund.

10 E. As used in this section, "well" means a crude
11 oil or natural gas producing well.

12 F. The "oil and gas tax credit fund" is created in
13 the state treasury. The fund shall be administered by the
14 department. Money in the fund shall be used to pay for the tax
15 credit provided in this section."

16 Section 2. APPROPRIATION--OIL AND GAS TAX CREDIT FUND.--
17 Twelve million dollars (\$12,000,000) is appropriated from the
18 general fund to the oil and gas tax credit fund for expenditure
19 in fiscal years 2003 through 2005 to carry out the provisions
20 of this act. Any unexpended or unencumbered balance remaining
21 at the end of fiscal year 2005 shall revert to the general
22 fund.

23 Section 3. REPEAL.--Section 1 of this act is repealed
24 effective July 1, 2005 or when the total amount of tax credits
25 under this section certified by the oil conservation division

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1 of the energy, minerals and natural resources department and
2 approved by the taxation and revenue department totals twelve
3 million dollars (\$12,000,000), whichever occurs first.

4 Section 4. EMERGENCY.--It is necessary for the public
5 peace, health and safety that this act take effect immediately.

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